
By: **Senator Lawlah**
Introduced and read first time: February 21, 2003
Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Subtraction Modification for Law Enforcement Officer's**
3 **Retirement Income**

4 FOR the purpose of providing a subtraction modification under the Maryland income
5 tax for certain retirement income received by a resident that is attributable to
6 the resident's employment as a law enforcement officer; providing for the
7 application of this Act; and generally relating to an income tax subtraction
8 modification for certain retirement income received by a resident that is
9 attributable to the resident's employment as a law enforcement officer.

10 BY repealing and reenacting, with amendments,
11 Article - Tax - General
12 Section 10-209
13 Annotated Code of Maryland
14 (1997 Replacement Volume and 2002 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article - Tax - General**

18 10-209.

19 (a) In this section:

20 (1) "employee retirement system" means a plan:

21 (i) established and maintained by an employer for the benefit of its
22 employees; and

23 (ii) qualified under § 401(a), § 403, or § 457(b) of the Internal
24 Revenue Code; and

25 (2) "employee retirement system" does not include:

- 1 (i) an individual retirement account or annuity under § 408 of the
2 Internal Revenue Code;
- 3 (ii) a Roth individual retirement account under § 408A of the
4 Internal Revenue Code;
- 5 (iii) a rollover individual retirement account;
- 6 (iv) a simplified employee pension under Internal Revenue Code §
7 408(k); or
- 8 (v) an ineligible deferred compensation plan under § 457(f) of the
9 Internal Revenue Code.

10 (b) [To] SUBJECT TO SUBSECTION (D) OF THIS SECTION, TO determine
11 Maryland adjusted gross income, if, on the last day of the taxable year, a resident is at
12 least 65 years old or is totally disabled [or], the resident's spouse is totally disabled,
13 OR THE RESIDENT IS A RETIRED LAW ENFORCEMENT OFFICER OF THE UNITED
14 STATES, THE STATE, OR A POLITICAL SUBDIVISION OF THE STATE, an amount is
15 subtracted from federal adjusted gross income equal to the lesser of:

- 16 (1) the cumulative or total annuity, pension, or endowment income from
17 an employee retirement system included in federal adjusted gross income; or
- 18 (2) the maximum annual benefit under the Social Security Act computed
19 under subsection (c) of this section, less any payment received as old age, survivors, or
20 disability benefits under the Social Security Act, the Railroad Retirement Act, or both.

21 (c) For purposes of subsection (b)(2) of this section, the Comptroller:

- 22 (1) shall determine the maximum annual benefit under the Social
23 Security Act allowed for an individual who retired at age 65 for the prior calendar
24 year; and
- 25 (2) may allow the subtraction to the nearest \$100.

26 (D) IN THE CASE OF A RETIRED LAW ENFORCEMENT OFFICER OF THE UNITED
27 STATES, THE STATE, OR A POLITICAL SUBDIVISION OF THE STATE, THE AMOUNT
28 INCLUDED UNDER SUBSECTION (B)(1) OF THIS SECTION IS LIMITED TO RETIREMENT
29 INCOME THAT IS ATTRIBUTABLE TO THE RESIDENT'S EMPLOYMENT AS A LAW
30 ENFORCEMENT OFFICER OF THE UNITED STATES, THE STATE, OR A POLITICAL
31 SUBDIVISION OF THE STATE, UNLESS:

- 32 (1) THE RESIDENT IS AT LEAST 65 YEARS OLD OR IS TOTALLY DISABLED;
33 OR
- 34 (2) THE RESIDENT'S SPOUSE IS TOTALLY DISABLED.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
2 effect July 1, 2003, and shall be applicable to all taxable years beginning after
3 December 31, 2002.